



General Assembly

February Session, 2016

***Raised Bill No. 5565***

LCO No. 2080



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-701 of the 2016 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2016*):

4 As used in this section and section 36a-701a, as amended by this act:

5 (1) "Consumer" means any person who is utilizing or seeking credit  
6 for personal, family or household purposes;

7 (2) "Credit rating agency" means credit rating agency, as defined in  
8 section 36a-695;

9 (3) "Credit report" means credit report, as defined in section 36a-695;

10 (4) "Creditor" means creditor, as defined in section 36a-695;

11 (5) "Minor child" means an individual under [eighteen] sixteen years

12 of age at the time a request for placement of a security freeze is  
13 submitted;

14 (6) "Security freeze" means a notice placed in a consumer's credit  
15 report, at the request of the consumer, that prohibits the credit rating  
16 agency from releasing the consumer's credit report or any information  
17 from it without the express authorization of the consumer. In the case  
18 of a minor child under subsections (j) and (k) of section 36a-701a, as  
19 amended by this act, "security freeze" means (A) a restriction that is  
20 placed on the minor child's credit report prohibiting the credit rating  
21 agency from releasing the minor child's credit report or any  
22 information derived from the minor child's credit report, provided a  
23 credit rating agency has information in its files pertaining to such  
24 minor child; or (B) a restriction that is placed on the minor child's  
25 record prohibiting the credit rating agency from releasing the minor  
26 child's record, provided a credit rating agency does not have any  
27 information in its files pertaining to such minor child; and

28 (7) "Sufficient proof of authority" means documentation showing  
29 that a parent or legal guardian has authority to act on behalf of a minor  
30 child, including, but not limited to, a court order, an original copy of  
31 the minor child's birth certificate or a written notarized statement  
32 expressly describing the authority of the parent or legal guardian to act  
33 on behalf of the minor child that is signed by the parent or legal  
34 guardian and acknowledged, in accordance with the provisions of  
35 chapter 6, by (A) a judge of a court of record or a family support  
36 magistrate, (B) a clerk or deputy clerk of a court having a seal, (C) a  
37 town clerk, (D) a notary public, (E) a justice of the peace, or (F) an  
38 attorney admitted to the bar of this state.

39 Sec. 2. Section 36a-701a of the 2016 supplement to the general  
40 statutes is repealed and the following is substituted in lieu thereof  
41 (*Effective October 1, 2016*):

42 (a) Any consumer may submit a written request, by certified mail or

43 such other secure method as authorized by a credit rating agency, to a  
44 credit rating agency to place a security freeze on such consumer's  
45 credit report. Such credit rating agency shall place a security freeze on  
46 a consumer's credit report not later than five business days after  
47 receipt of such request. Not later than ten business days after placing a  
48 security freeze on a consumer's credit report, such credit rating agency  
49 shall send a written confirmation of such security freeze to such  
50 consumer that provides the consumer with a unique personal  
51 identification number or password to be used by the consumer when  
52 providing authorization for the release of such consumer's report to a  
53 third party or for a period of time. In the case of a minor child, a credit  
54 rating agency shall not provide a unique personal identification  
55 number or password when placing a security freeze.

56 (b) In the event such consumer wishes to authorize the disclosure of  
57 such consumer's credit report to a third party, or for a period of time,  
58 while such security freeze is in effect, such consumer shall contact such  
59 credit rating agency and provide: (1) Proper identification, (2) the  
60 unique personal identification number or password described in  
61 subsection (a) of this section, and (3) proper information regarding the  
62 third party who is to receive the credit report or the time period for  
63 which the credit report shall be available. Any credit rating agency that  
64 receives a request from a consumer pursuant to this section shall lift  
65 such security freeze not later than three business days after receipt of  
66 such request. This subsection shall not apply to a security freeze  
67 applied on behalf of a minor child.

68 (c) Except for the temporary lifting of a security freeze as provided  
69 in subsection (b) of this section, any security freeze authorized  
70 pursuant to the provisions of this section shall remain in effect until  
71 such time as such consumer requests such security freeze to be  
72 removed. A credit rating agency shall remove such security freeze not  
73 later than three business days after receipt of such request provided  
74 such consumer provides proper identification to such credit rating  
75 agency and the unique personal identification number or password

76 described in subsection (a) of this section at the time of such request  
77 for removal of the security freeze. In the case of a minor child, the  
78 credit rating agency shall remove such security freeze not later than  
79 fifteen business days after receipt of such request.

80 (d) Any credit rating agency may develop procedures to receive and  
81 process such request from a consumer to temporarily lift or remove a  
82 security freeze on a credit report pursuant to subsection (b) of this  
83 section. Such procedures, at a minimum, shall include, but not be  
84 limited to, the ability of a consumer to send such temporary lift or  
85 removal request by electronic mail, letter or facsimile.

86 (e) In the event that a third party requests access to a consumer's  
87 credit report that has such a security freeze in place and such third  
88 party request is made in connection with an application for credit or  
89 any other use and such consumer has not authorized the disclosure of  
90 such consumer's credit report to such third party, such third party may  
91 deem such credit application as incomplete.

92 (f) Any credit rating agency may refuse to implement or may  
93 remove such security freeze if such agency believes, in good faith, that:  
94 (1) The request for a security freeze was made as part of a fraud that  
95 the consumer participated in, had knowledge of, or that can be  
96 demonstrated by circumstantial evidence, or (2) the consumer credit  
97 report was frozen due to a material misrepresentation of fact by the  
98 consumer. In the event any such credit rating agency refuses to  
99 implement or removes a security freeze pursuant to this subsection,  
100 such credit rating agency shall promptly notify such consumer in  
101 writing of such refusal not later than five business days after such  
102 refusal or, in the case of a removal of a security freeze, prior to  
103 removing the freeze on the consumer's credit report.

104 (g) Nothing in this section shall be construed to prohibit disclosure  
105 of a consumer's credit report to: (1) A person, or the person's  
106 subsidiary, affiliate, agent or assignee with which the consumer has or,

107 prior to assignment, had an account, contract or debtor-creditor  
108 relationship for the purpose of reviewing the account or collecting the  
109 financial obligation owing for the account, contract or debt; (2) a  
110 subsidiary, affiliate, agent, assignee or prospective assignee of a person  
111 to whom access has been granted under subsection (b) of this section  
112 for the purpose of facilitating the extension of credit or other  
113 permissible use; (3) any person acting pursuant to a court order,  
114 warrant or subpoena; (4) any person for the purpose of using such  
115 credit information to prescreen as provided by the federal Fair Credit  
116 Reporting Act; (5) any person for the sole purpose of providing a credit  
117 file monitoring subscription service to which the consumer has  
118 subscribed; (6) a credit rating agency for the sole purpose of providing  
119 a consumer with a copy of his or her credit report upon the consumer's  
120 request; or (7) a federal, state or local governmental entity, including a  
121 law enforcement agency, or court, or their agents or assignees  
122 pursuant to their statutory or regulatory duties. For purposes of this  
123 subsection, "reviewing the account" includes activities related to  
124 account maintenance, monitoring, credit line increases and account  
125 upgrades and enhancements.

126 (h) The following persons shall not be required to place a security  
127 freeze on a consumer's credit report, provided such persons shall be  
128 subject to any security freeze placed on a credit report by another  
129 credit rating agency: (1) A check services or fraud prevention services  
130 company that reports on incidents of fraud or issues authorizations for  
131 the purpose of approving or processing negotiable instruments,  
132 electronic fund transfers or similar methods of payment; (2) a deposit  
133 account information service company that issues reports regarding  
134 account closures due to fraud, substantial overdrafts, automated teller  
135 machine abuse, or similar information regarding a consumer to  
136 inquiring banks or other financial institutions for use only in reviewing  
137 a consumer request for a deposit account at the inquiring bank or  
138 financial institution; or (3) a credit rating agency that: (A) Acts only to  
139 resell credit information by assembling and merging information

140 contained in a database of one or more credit reporting agencies; and  
141 (B) does not maintain a permanent database of credit information from  
142 which new credit reports are produced.

143 (i) (1) Except as provided in subdivision (2) of this subsection, a  
144 credit rating agency may charge a fee of not more than ten dollars to a  
145 consumer for each security freeze, removal of such freeze or temporary  
146 lift of such freeze for a period of time, and a fee of not more than  
147 twelve dollars for a temporary lift of such freeze for a specific party.

148 (2) A credit rating agency shall not charge the fees authorized by  
149 subdivision (1) of this subsection to: (A) A victim of identity theft or  
150 the spouse of any victim of identity theft, who has submitted a copy of  
151 a police report prepared pursuant to section 54-1n to the credit rating  
152 agency; (B) any person who is covered under the victim of identity  
153 theft's individual or group health insurance policy providing coverage  
154 of the type specified in subdivisions (1), (2), (4), (11) and (12) of section  
155 38a-469, who has submitted a copy of a police report prepared  
156 pursuant to section 54-1n to the credit rating agency; (C) a person  
157 sixty-two years of age or older; (D) a person under eighteen years of  
158 age; (E) a person for whom a guardian or conservator has been  
159 appointed by a court; and (F) a victim of domestic violence, as defined  
160 in subdivision (1) of subsection (a) of section 17b-112a, who has  
161 provided evidence of such domestic violence as specified in subsection  
162 (b) of section 17b-112a to the credit rating agency. No credit rating  
163 agency shall charge a fee to a consumer for a replacement personal  
164 identification number when such replacement is the first one requested  
165 by the consumer.

166 (j) The parent or legal guardian of a minor child may place a  
167 security freeze on the credit report of a minor child by submitting a  
168 written request to the credit rating agency in the manner described in  
169 this section and subject to the same conditions and by providing the  
170 credit rating agency with proper identification and sufficient proof of  
171 authority to act on behalf of the minor child. The credit rating agency

172 shall place the security freeze on the credit report of a minor child not  
 173 later than five business days after receipt of such request. If the credit  
 174 rating agency does not have any information in its files pertaining to  
 175 the minor child at the time the credit rating agency receives a request  
 176 pursuant to this subsection, the credit rating agency shall create a  
 177 record for the minor child and place a security freeze on such record.  
 178 Such record shall consist of a compilation of information created by a  
 179 credit rating agency that identifies a minor child. A credit rating  
 180 agency shall not create or use such record to consider the minor child's  
 181 credit worthiness, credit standing, credit capacity, character, general  
 182 reputation, personal characteristics or mode of living. A credit rating  
 183 agency shall not release a minor child's credit report, any information  
 184 derived from a minor child's credit report or any record created for a  
 185 minor child.

186 (k) The parent or legal guardian of a minor child may request the  
 187 removal of a security freeze placed on the credit report or record of a  
 188 minor child by submitting a written request to the credit rating agency  
 189 in the manner described in this section and subject to the same  
 190 conditions and by providing the credit rating agency with proper  
 191 identification and sufficient proof of authority to act on behalf of the  
 192 minor child. The credit rating agency shall remove the security freeze  
 193 on the credit report or record of a minor child not later than fifteen  
 194 business days after receipt of such request.

195 (l) An insurer, as defined in section 38a-1, may deny an application  
 196 for insurance if an applicant has placed a security freeze on such  
 197 applicant's credit report and fails to authorize the disclosure of such  
 198 applicant's credit report to such insurer pursuant to the provisions of  
 199 subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	36a-701
Sec. 2	<i>October 1, 2016</i>	36a-701a

***Statement of Purpose:***

To update the definition of minor child and to change the requirements imposed on credit rating agencies related to putting security freezes on children's credit reports.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*